

Brawling over Vaccines: Export Bans and the EU's Bungled Rollout

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The European Union has been keeping up appearances in encouraging the equitable distribution of vaccines to combat SARS-CoV-2 and its disease, COVID-19. Numerous statements speak to the need to back the COVAX scheme, to ensure equity and that no one state misses out. And EU member states could be assured of a smooth vaccine rollout, led by the EU apparatus, humming with needle jabbing efficiency. Negotiating as a bloc, lower prices could be assured, along with an appropriate supply of vaccines across the 27 member states.

These initial hopes have been shredded. While the vaccination programs in Israel, the United Kingdom and even the United States have gathered form and speed, it has stuttered and stumbled in the EU. The companies behind the vaccines have been patchy in their production lines. Authorities have put halts on jabs and in some cases, introduced rationing.

In January, the manufacturers of the Oxford-AstraZeneca vaccine informed the European Commission that it would ship fewer doses to the bloc than originally understood. "While there is no scheduled delay to the start of shipments of our vaccine should we receive approval in Europe," a spokesperson for AstraZeneca <u>explained</u>, "initial volumes will be lower than originally anticipated due to reduced yields at a manufacturing site within our European supply chain." The initial cut in supply was dramatic: from the initially promised number of 90 million does, the number would be 40 million.

Stella Kyriakides, European commissioner for health and food safety, was indignant. Discussions with the company, she <u>recorded</u> on Twitter, "resulted in dissatisfaction with the lack of clarity and insufficient explanations." Members of the EU were "united: vaccine developers have societal and contractual responsibilities they need to uphold."

The company then promised in early February to make up the missing doses. In this, the EU was found wanting in its contractual negotiations with AstraZeneca. The EU-AstraZeneca deal, written in Belgian law, stresses the "best reasonable effort" of both parties to deliver the goods in question and acting in good faith. The UK-AstraZeneca agreement, written in English law, also contains the best reasonable effort clause, but features a toothier provision. Should AstraZeneca or its subcontractors be persuaded to do anything that might hold up the supply of vaccine doses, the UK government reserves the right to terminate the

contract and invoke penalties.

The EU was left with essentially meek retaliations: withholding payments till the company coughed up promised supply, or till it assisted finding other producers who might make the vaccine. Tellingly, the EU had also <u>waived its right</u> to sue AstraZeneca in the event of delays.

The UK negotiators were also sharp enough to clarify the chain of supply (places of manufacture, for instance), putting the onus on the company to cover any unpredicted fall promised doses. The EU, in an act fit for commercial dunces, had tied itself in knots.

The AstraZeneca drama was but one in what can only be seen as a failure in manufacture, supply and distribution. Pfizer-BioNTech, having made a deal for the supply of 300 million doses with the EU, also saw reductions in their deliveries to enable its Belgium processing plant to increase capacity. In January, Italy was informed about successive reductions of the Pfizer-BioNTech vaccine: 20% and 29% in respective quarters of the month. The more granular picture was even more severe, with various Italian regions seeing a fall of 60% of doses.

This picture of struggle was <u>repeated</u> that same month in Poland, Romania, the Czech Republic, Germany's North Rhine-Westphalia and the Spanish capital, Madrid. Rationing of distribution was introduced by the Spanish government. Polish officials were sufficiently angered by Pfizer-BioNTech to <u>threaten</u> legal action.

Hungary, preferring a different, more unilateral way of coping with the shambles, approved the use of other vaccines otherwise held up in the queue of the European Medicines Agency. The vaccines from China's Sinopharm and Russia's Sputnik V have passed regulator muster, with **Prime Minister Viktor Orbán** himself receiving the former at the end of last month. "Without the Chinese and Russian vaccines," the pugnacious populist reasoned, "we would have big problems."

Last month, EU Commission President **Ursula von der Leyen** was rather confessional in a <u>speech</u> on the failings of the EU vaccination policy. "We were late in granting authorisation. We were too optimistic about mass production. And maybe we also took for granted that the doses ordered would actually arrive on time."

The European scene was ready for a more global brawl over vaccines and their shipments. On February 26, Italian authorities <u>urged</u> the European Commission to block 250,700 doses of the AstraZeneca vaccine destined for Australia. The reason was put down to AstraZeneca's failure to live up to expectations in supply and Australia not being a "vulnerable country". The request was also based on the EU <u>export control mechanism</u> on COVID-19 vaccines, introduced in January with the intention to block exports of vaccines outside the union. "The objective of this measure," came the European Commission's justification, "is to ensure timely access to COVID-19 vaccines for all EU citizens and to tackle the current lack of transparency of vaccine exports outside the EU."

Since its inception, the European Commission has proved slow on the draw; 174 authorisations for millions of shots to 30 countries <u>have been granted</u>. Set to expire on March 31, the European Commission is <u>proposing the extension</u> of this measure into June. Many member states approve. France even went so far as to publicly back Italy's request. The country's **Health Minister Olivier Véran** summed up the mood in an <u>interview</u> with

BFMTV channel: "Believe me, the more doses I have, the happier I am as health minister."

Germany also added its voice of approval. "In general," stated German government spokesman **Steffen Seibert**, "vaccine exports aren't stopped as long as the contracts with the EU are abided by." Cattily, Seibert <u>excused</u> the EU's regulatory restrictions by claiming that many "vaccines go from the EU to third countries, while nothing or almost is exported from the United States and Great Britain." German Health Minister Jens Spahn was more reserved, <u>warning</u> that such moves could cause "problems in the medium term by disrupting the supply chains for vaccines".

Australia's protests were more of minor irritation than anger. Canberra had, according to **Health Minister Greg Hunt**, "raised the issue with the European Commission through multiple channels, and in particular we have asked the European Commission to review this decision." **Prime Minister Scott Morrison** was even understanding to a point, acknowledging that Italy was seeing a death rate of 300 a day. Europe faced "an unbridled situation. That is not the situation in Australia."

Vaccine patriotism was always going to surface to dampen any optimism on the part of public health utopians. Countries and self-interest come before the noble aspirations of humanity. The Director General of the World Trade Organization, **Ngozi Okonjo-Iweala** <u>laments</u> that WTO members, to the extent they had "export restrictions or even prohibitions of these goods [vaccines]" were holding "back recovery."

A great danger to the EU in this ugly affair will be whether certain nation states within the family will take its efforts in combating COVID-19 seriously. As shown by Hungary's example, the bunglers in Brussels risk being ignored altogether.

As for the blocking of vaccine exports to third countries, **Bernd Lange**, the German MEP who chairs the European Parliament's trade committee, is gloomy and regretful. The European export mechanism risked constituting a de facto ban. "Pandora's box opened," he wrote on Twitter in response to the Italian decision. "Mistake." Imitators would follow, as could "fatal consequences on supply chains." A global conflict over the distribution of COVID-19 vaccines is in the offing.

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